



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE CANADIAN MANUFACTURERS' TARIFF CAMPAIGN.

BY WATSON GRIFFIN.

MR. EDWARD PORRITT's article, "Canada's Tariff Mood toward the United States," published in the April number of this REVIEW, gravely misrepresented the attitude of the Canadian Manufacturers' Association on the tariff question. Again and again throughout his article, Mr. Porritt reiterates his declaration that the Canadian Manufacturers' Association is opposed to the British preference, and that it demands a tariff exactly similar to the Dingley tariff in every detail.

The attitude of the Canadian Manufacturers' Association toward both the United States and Britain has been very frequently misrepresented by opponents of tariff reform in Canada and England, but it is doubtful if any writer ever wandered so far from the facts in this regard as Mr. Porritt. The views of the Association were clearly set forth in the recommendations made by the Tariff Committee at the annual meeting in September, 1903, and adopted by the Association after full discussion. The attendance was very large, and the meeting was practically unanimous, only one member dissenting. The resolutions were as follows:

"(1) That we reaffirm the tariff resolution passed at the last annual meeting in Halifax, as follows: 'Resolved, That in the opinion of this Association, the changed conditions which now obtain in Canada demand the immediate and thorough revision of the tariff, upon lines which will more effectually transfer to the workshops of our Dominion the manufacture of many of the goods which we now import from other countries; that, in any such revision, the interests of all sections of the community, whether of agriculture, mining, fishing or manufacturing, should be fully considered, with a view, not only to the preservation, but to the further development, of all these great natural industries; that,

while such a tariff should primarily be framed for Canadian interests, it should nevertheless give a substantial preference to the Mother Country, and also to any other part of the British Empire with which reciprocal preferential trade can be arranged, recognizing always that under any conditions the minimum tariff must afford adequate protection to all Canadian producers.' (2) That, except in very special cases, we are opposed to the granting of bounties in Canada as a substitute for a policy of reasonable and permanent protection. (3) That we are strongly opposed to any reciprocity treaty with the United States affecting the manufacturing industries of Canada. (4) We recommend that the Dominion Government establish in Canada a permanent tariff commission of experts, who shall have constant supervision of tariff policy and changes, and shall follow closely the workings of the Canadian tariff, with a view to making such recommendations to the Government as will best conserve and advance the interests of the Dominion."

These resolutions were reaffirmed at the annual conventions in 1904 and 1905, meeting with no opposition. It will be noted that, instead of condemning the British preference, the Association emphatically recommended a substantial preference to the Mother Country and any other country of the British Empire with which reciprocal preferential trade can be arranged.

Mr. George E. Drummond, who was for the year 1903-4 president of both the Canadian Manufacturers' Association and the Montreal Board of Trade, in the course of an address at the banquet of the Canadian Manufacturers' Association in Toronto, on November 19th, 1903, referring to the tariff question, said:

"The policy of the age is protection to home industries and enterprises. This is well evidenced by the agitation taking place in England at present. In so far as our home market, Canada, is concerned, we also must adopt the same measures as our rivals, and in adopting such measures must make them thoroughly efficient. With regard to the Mother Country, while, in the opinion of this Association, our customs tariff should primarily be framed for Canadian interests, it should, nevertheless, we think, give a substantial preference to the Mother Country, and also to any other part of the British Empire with which reciprocal preferential trade can be arranged, recognizing always that under any conditions our minimum tariff must afford adequate protection to all Canadian producers. We favor an immediate revision of the present Canadian customs tariff, and the adoption: (1) Of a general tariff, framed especially to meet Canadian conditions, based in principle upon and approximating to that now in force in the United States, a tariff that shall protect Canadian industries and pursuits as efficiently as the tariff of the United States protects the industries of that country. It is not intended that the Canadian tariff shall be, item for item, the same

as that of the United States. *Canadian conditions must be taken into consideration in regard to every individual item;* (2) We favor a policy of reciprocal preferential trade within the British Empire, whereby, through readjustment of their respective fiscal systems, the United Kingdom and her colonies will each grant to the products of the other a substantial preference against the products of foreign countries."

Mr. W. K. McNaught, chairman of the Tariff Committee of the Association, being interviewed regarding this utterance of Mr. Drummond, expressed himself as entirely in accord with it, and added:

"Canada does not want the United States tariff pure and simple, but a tariff which will protect Canadian industries of all kinds as fully as the United States tariff does those of the United States. We want a national tariff, framed from a Canadian standpoint for Canadian needs."

These views have been repeatedly endorsed by speakers at the banquets of the Canadian Manufacturers' Association at the business centres throughout the country during the last three years, and have always been heartily applauded. No speaker at any of these banquets has ever condemned the principle of the British preference, but many speakers have commended it; and, whenever the name of Mr. Chamberlain has been mentioned, it has been greeted with applause so general, so spontaneous, so hearty, that there can be no doubt that the great majority of the members of the Association are in sympathy with Mr. Chamberlain's policy as they understand it.

On the day when Mr. Chamberlain resigned from the British Cabinet for the purpose of carrying on a vigorous campaign in favor of Imperial Preferential Trade, the thirty-second annual convention of the Canadian Manufacturers' Association was in session at Toronto; and Mr. Robert Munro, one of the ex-presidents of the Association, after calling attention to the cable despatch announcing Mr. Chamberlain's resignation, moved that the following message be cabled to Mr. Chamberlain:

"The Right Hon. Joseph Chamberlain, London, England.—The Canadian Manufacturers' Association, in convention assembled, desire to express our deep regret that your withdrawal from the British Cabinet has been rendered necessary. This Association has followed your proposals with the greatest solicitude, and hopes your efforts to adapt Great Britain's fiscal policy to existing conditions will continue to be vigorously prosecuted."

The resolution was seconded by Mr. George E. Drummond; and, after some discussion, a standing vote was taken and the motion was declared carried, only one member voting against it.

If Canadian manufacturers in general believed that Mr. Chamberlain proposed to destroy colonial industries for the benefit of British manufacturers, they would not endorse his policy; but they do not so understand his proposals. They believe that, when the colonies and the Mother Country come together in negotiation, a fiscal policy can be arranged which will be mutually advantageous and much fairer to Canada than the one-sided preference which now exists.

But, while the Canadian Manufacturers' Association has emphatically endorsed the principle of Imperial Preferential Trade, some of the items of the Canadian preferential tariff as it now exists have been freely criticised, on the ground that certain Canadian industries are not sufficiently protected against the competition of British manufacturers who have the advantage of cheaper labor and lower rates of interest. The remedy proposed by the Canadian Manufacturers' Association is, not to abolish the British preference or even reduce the percentage of preference, but to raise the general tariff so high that, when the preference is allowed, the minimum tariff will be high enough to offset the greater cost of labor and the higher rates of interest, thus placing the Canadian manufacturer on an equality with his British competitor. It would be possible in accordance with this plan to even increase the percentage of preference, although this would involve prohibitory rates on some classes of foreign products. During the fiscal year ended June 30th, 1905, the average *ad valorem* rate on dutiable articles entered for consumption in Canada under the general tariff was 31.01 per cent.; the average duty on articles entered under the surtax tariff on German goods for consumption in Canada was 37.22 per cent., while the average *ad valorem* rate on dutiable articles imported into Canada for consumption under the preferential tariff in favor of British products was 19.79 per cent. The average *ad valorem* rate of duty on dutiable articles entered for consumption in the United States during the same period was 45.24 per cent. If the plan proposed by the Canadian Manufacturers' Association, and approved almost unanimously by its members, is adopted, the Canadian tariff against British goods will be higher on the average

than the present tariff against British goods, but it will be very much lower than the tariff which the United States imposes on British goods. It will be even lower than the Wilson-Gorman tariff passed by a Democratic Congress of the United States during the Cleveland administration. The effect of thus increasing the duties on foreign products must be to largely divert our external trade into British channels; and, while our purchases from Britain may be less per head of population than at present, our total imports from the United Kingdom will greatly increase, owing to the rapid growth of population under a system of adequate protection. Under the present system, we buy what we do not produce in Canada chiefly from foreign countries, and the United States is getting a larger share of our trade every year without giving us a fair return. Under the system proposed by the Canadian Manufacturers' Association, what we cannot produce in Canada will be imported chiefly from countries of the British Empire. Canadian manufacturers in general believe that it should be our first aim to give work to those British citizens who are within the borders of our own Dominion; but, when we have to go abroad to supply our wants, as we must always do to a great extent, we should give our fellow citizens in other countries of the Empire a preference over foreigners. They say that, if the people of the United Kingdom will in return buy from the colonies, so far as possible, those things which they may find it necessary to get abroad, all parts of the Empire will be benefited.

Mr. W. K. George, who was president of the Canadian Manufacturers' Association in 1904-5, speaking at a banquet of the Canadian Industrial League in Halifax, in February, 1905, said:

"Our Association has been criticised extensively on account of the stand which we have taken in regard to Imperial Preferential Trade, and we have been charged with insincerity because we have advocated preferential trade on the basis that the minimum tariff should be protective to Canadian industries. We will stand by that declaration, and we contend that it is no visionary proposition. Any other basis would be injurious to Canada, and not only injurious to Canada, but for that very reason detrimental to the ultimate progress of the Empire. We believe that the greater and more prosperous Canada becomes, the better it is for the Empire. Our critics base their conclusion on the false assumption that adequate protection to home industries prohibits all importation. Gentlemen, I ask you to look to our nearest neighbor, the

United States, for a convincing proof that such is not the case. In spite of their extremely high tariff, they are still importing hundreds of millions of dollars' worth of goods. And so it would be with Canada; and, as our country grows in population and in wealth, so would this commerce, and we wish to turn it as far as possible into British channels. We want to make in Canada everything that we possibly can, and what we must import we want to purchase from our own family, rather than from strangers. A newspaper published in Birmingham, England, has given a somewhat concise idea of our conception of a preferential tariff which will be beneficial to Britain without being detrimental to the advancement and development of Canada. The Birmingham paper said: 'Canada spends millions of pounds on imported articles from foreign countries, chiefly the United States. She wants to raise her present high tariff against the United States still further, and, so far as possible, make Canada, when she must buy from outside the Dominion, buy from Great Britain.' There is one thing in this statement of the Birmingham paper that I would criticise. It refers to our present tariff against the United States as a high tariff. As a matter of fact, compared with the tariff which the United States imposes on Canadian goods, it is very low, and some articles are on the free list which could be made just as well in Britain or in Canada itself."

During the summer of 1904, Mr. George E. Drummond, then President of the Association, visited England and explained to Mr. Chamberlain and other leaders of tariff reform in Britain the attitude of the Canadian Manufacturers' Association. He pointed out that Canadian manufacturers would never consent to any arrangement which would mean the sacrifice of their industries, but that they would support, with all their might and influence, a readjustment of the tariff which would divert into British channels a great part of the trade which Canada does with foreign countries. Mr. Chamberlain assured Mr. Drummond that he did not wish Canadian manufacturers to make any sacrifice. As a result of Mr. Drummond's visit, the Canadian Manufacturers' Association received an invitation from the London Chamber of Commerce to visit England in a body; and, although the great majority of members were unable to avail themselves of the invitation, about three hundred delegates of the Association went over to England in June, 1905, under the leadership of President W. K. George and Mr. W. K. McNaught, chairman of the Tariff Committee of the Association. They visited most of the great industrial centres of the United Kingdom, and everywhere they went they received a splendid welcome from the captains of commerce and industry. At the many banquets in Britain

where Mr. W. K. George and Mr. W. K. McNaught were called upon to speak, they expounded the policy of the Association as clearly and frankly as they had previously done in Canada; and that policy was accepted by the Tariff Reform leaders of Britain as being necessary for Canada and consistent with their own proposals for mutual preferential trade. Mr. Chamberlain undoubtedly hopes that there may ultimately be free trade within the British Empire, with protection against foreign countries; but he realizes that this is not practicable at present, and he holds that Britain should respond to Canada's advances and endeavor to arrive at an arrangement which, while injuring no colonial industry, will greatly increase the trade between the Mother Country and the daughter nations.

On the 5th of December, 1905, when the Canadian Tariff Commission was in session at Winnipeg, a deputation of about thirty members of the Winnipeg Branch of the Association appeared before the Commissioners. They were introduced by Mr. L. C. McIntyre, Manitoba Vice-President of the Association, who said:

"Our main purpose in coming here to-day is to express our belief in a reasonable increase in the general protective tariff, as a means of building up varied industries in Canada, affording employment for all classes of our citizens and creating a home market for our farmers, while at the same time giving a preference to goods of British manufacture. There is a mistaken notion in the East, that the West must always be a purely agricultural community. We believe that the natural resources of the West are such that it may have interests as varied as those in the East. It will take time to establish them; but, the higher the tariff against the United States is made, the more quickly will industries of all kinds be established in the West. We believe that the people in the Canadian West should do their own manufacturing so far as possible; but, when we cannot get what we want right here at home, we think that our fellow Canadians in Eastern Canada, who are helping us in building up and developing the West, should get a preference over all outsiders. If we cannot get what we want either in the Canadian West, or in Eastern Canada, we should then seek what we want in Britain, in preference to foreign countries. We do not pretend to advise the Commission how high the tariff should be, but it should be high enough to cause many of the great manufacturing companies of the United States, who are now selling large quantities of goods in Canada, to establish branch factories in this country. If the Government will do this much, we think the cities and towns of the Canadian West will be able to convince American capitalists that a good many of the branch factories should be located west of Lake Superior."

Other manufacturers present followed, supporting Mr. McIntyre's address. Not a word was said against the British preference. Yet Mr. Porritt declares that the Canadian manufacturers hammered at the British preference unmercifully at every session of the Commission.

At almost every place which the Canadian Tariff Commission visited, members of the Association laid their grievances before the Commissioners; and, while the complaint of most of them was that they had not sufficient protection against their American competitors, in some cases the preferential tariff now in force was criticised as affording insufficient protection to certain industries. But such criticisms were not inconsistent with the preferential policy of the Association, which requires that the minimum tariff shall be sufficiently high to afford adequate protection to all Canadian industries. At the final session of the Tariff Commission, which was held in Ottawa, a deputation from the Canadian Manufacturers' Association, led by Mr. C. C. Ballantyne, President of the Association for 1905-6, Mr. W. K. George, Mr. W. K. McNaught and Mr. R. J. Young presented an official memorial. One of the paragraphs in this memorial read as follows:

"You have heard the individual requests of many of the members of this Association in various parts of the Dominion. We desire now merely to indicate the general direction of the changes which we think necessary. To express our views in a single sentence, we desire to make in Canada everything which can reasonably be manufactured here, and to buy our surplus requirements, so far as it is reasonable to do so, from British sources. To this end, we desire a higher tariff than we now have against all foreign countries. While we do not favor any discrimination against the United States as compared with other foreign countries, yet the proximity of the great Republic, with its gigantic combinations of capital, its keen business men and its constant surplus production, subject the manufacturers of Canada to competition which, unless properly safeguarded, means certain ruin. Moreover, it has become evident that United States manufacturers, instead of resenting proposed increases in our tariff, will establish branch factories in Canada as soon as the Canadian tariff is sufficiently high to warrant them in doing so. We desire reasonable competition with the industries of Great Britain and the other portions of the Empire—that is, we desire a tariff against these countries which will equalize for the Canadian manufacturer the disadvantages under which he works in the higher cost of labor, capital, machinery, etc.—a tariff which will enable him to at least compete on equal terms in his home market with the manufacturers of Great Britain. We favor the offer of a substantial preference to the

other portions of the Empire, but we are strongly opposed to any policy which will prevent or limit the development of our own resources. In regard to the proposed policy of maximum, minimum and preferential tariff, we have only to say that, so long as it encourages Canadian enterprise to make everything we can at home, and to buy our surplus requirements as far as possible from British sources, we believe it to be in the best interests of the Canadian people. If, however, such a policy should ultimately result in extending the minimum tariff to the United States, we are absolutely opposed to it."

Mr. Porritt, apparently, regarded this as an assault on Mr. Chamberlain's scheme, but "The Times" and several other British newspapers commended it as supporting Mr. Chamberlain's views.

Since the close of the sessions of the Canadian Tariff Commission, the executive council of the Canadian Manufacturers' Association has passed a resolution calling upon the Government to restrict the British preference to goods imported directly through Canadian ports. If the manufacturers are so bitterly opposed to the preference as Mr. Porritt represents, why does not the Association ask for its abolition, instead of demanding that the ports of Quebec and the Maritime Provinces be allowed to get the full benefit of it?

The attitude of the Canadian manufacturers has been clearly stated from first to last, and is well known to British advocates of Preferential Trade. The views of Canadian manufacturers were forcibly stated by Mr. W. K. McNaught, chairman of the Tariff Committee of the Canadian Manufacturers' Association, in a letter to Mr. Chamberlain some time ago. Mr. McNaught said:

"I can assure you that, as a rule, the Canadian manufacturers are heartily in sympathy with preferential trade throughout the Empire; and, although they are desirous of building up Canada by protecting Canadian industries, even against the Mother Country, they are also equally desirous of helping British manufacturers by transferring to them as much of our trade as possible which is now being done by foreign countries. I am satisfied from what I know of Canadian conditions that a Canadian tariff could be framed by experts which would not only protect Canadian industries, but bring about a large increase of trade between Canada and the Mother Country. In other words, while Canadian manufacturers want to make all the goods they can they prefer that what they cannot make shall be supplied us by our kinsmen in Great Britain, rather than the artisans of any foreign nation."

In reply to this, Mr. Chamberlain wrote to Mr. McNaught as follows:

"I have noted with great satisfaction the general patriotic spirit in which the manufacturers of Canada have received the proposals for preferential trade, and I entirely agree with them that a tariff can be easily framed which will not interfere with the development of Canadian industries, but will, nevertheless, leave open the way for a great increase of trade between her and the Mother Country."

Thus it will be seen that the policy of the Canadian Manufacturers' Association has been endorsed by Mr. Chamberlain himself. Mr. F. H. Medhurst, a member of the Executive Board of the British Tariff Reform League, speaking at a banquet of the Canadian Manufacturers' Association in Montreal on September 22nd, 1904, said:

"Mr. Chamberlain's view of the matter is this. He is no theorist, but a practical man; he looks around and sees, in spite of your protection, in spite of the protection of America, in spite of the protection of Germany and France and Belgium, that all these countries do import manufactured goods; he thought, if you cannot at present meet the whole of the demand for the commodities you require, it would be better for you, aye, and better for us, that you should get those commodities which you do not or cannot produce at the moment from some portion of the British Empire, rather than that you should purchase them from your commercial, and, if opportunity were offered, from your very material rivals and opponents, either to the south of this border-line or in some other foreign country. . . . Gentlemen, this is the policy of Mr Chamberlain, not to do anything that can hinder the development either of the Colonies or of the Mother Country, but to do what we can so that the deficiencies of the various parts of the Empire may be met by the other portions of it."

It is evident that the great aim of the Canadian Manufacturers' Association is to secure a higher tariff against the United States, but this is not inspired by hostility to the American people. Indeed, some of the most earnest advocates of this policy are Americans who have established industries in Canada. They argue that the same policy which has made the United States a great and prosperous nation should be adopted to make Canada great. The Canadian Manufacturers' Association has never advocated a policy of retaliation against the United States. On the contrary, the Association has urged that the Canadian tariff should not in any

way depend upon the action of the United States Congress, and that any offers of reciprocity from the United States that would limit the protection afforded Canadian manufacturers should be rejected, not because of antagonism to the Americans, but because such an arrangement would retard the development of Canada. It is true that the campaign literature of the Canadian manufacturers called attention to the unfair trade relations existing between Canada and the United States. It was shown that, during the fiscal year 1904, owing to the fact that Canadian products were almost excluded from the United States by a high tariff while the Canadian tariff on American products was comparatively low, the Americans per head of population bought from Canada only sixty-one cents' worth of merchandise, whereas Canadians per head of population bought from the United States for consumption over \$25.51 worth of merchandise, so that one Canadian bought in the United States more than forty-one Americans bought in Canada. But it was argued that Canadians, instead of complaining about the high tariff of the United States, which they could not alter, should follow the example of the Americans and, by giving adequate protection to home industries, develop a home market which would make them independent of the United States. It was urged that Canadians had no right to object to any tariff which the United States Congress deemed to be in the interest of the American people, and that the Americans, on the other hand, would have no reason to complain no matter how high the Canadian tariff might be made. That is a very different thing from making "retaliation against the United States at every possible point" the slogan of the Association. The real slogan of the Association has been: "Keep your money in circulation at home by buying goods made in Canada: when you can't get what you want at home, buy within the British Empire." The manufacturers did advise the Government to study the Dingley tariff, but not with a view to adopting a retaliatory tariff, nor for the purpose of copying it exactly regardless of Canadian conditions, but simply on the ground that Canadian statesmen would do well to take advantage of the long experience of American statesmen in framing tariffs to suit conditions very similar to our own. It was pointed out that this experience would be peculiarly useful in considering the tariff relation of what are known as primary and secondary industries,

because the people of the United States recognize the necessity of giving the primary industries adequate protection without injury to the secondary industries that use the products of the primary industries as materials in manufacturing more highly finished products; and it was argued that the experience of American tariff-makers in arranging tariff schedules to harmonize the interests of the varied industries of their country would be invaluable to Canadian statesmen. The opponents of tariff reform in Canada, being unable to answer the real arguments of Canadian manufacturers, set up a man of straw, pretending that the manufacturers wanted a tariff precisely the same, item for item, as that of the United States. They would take up some item in the United States tariff, show that it would not suit Canadian conditions and then claim that the demand for tariff reform was ridiculous. But no one in Canada ever advocated the adoption of a tariff precisely the same as that of the United States. The advocates of tariff revision simply urged the Government to adopt the American principle of giving adequate protection to every industry that can be economically conducted in the country, taking Canadian conditions into consideration in every case.

In advocating a substantial preference in favor of the United Kingdom, Canadian manufacturers are not influenced entirely by sentiment, although that counts for much, but in the majority of lines the competition of American manufacturers affects them much more seriously than that of British manufacturers. Then Canadian railways, heavily subsidized by the Government, run east and west, not north and south; any diversion of trade from American into Canadian or British channels would increase their traffic as well as that of Canadian steamship lines, and with increased traffic the transportation companies can afford to give cheaper rates. Mr. Porritt himself said something like this in advocating a continuance of the preference, and in doing so he appropriated an argument often used by Canadian manufacturers.

WATSON GRIFFIN.